

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Review, 2022

Docket No. ACR2022

CHAIRMAN'S INFORMATION REQUEST NO. 13

(Issued February 10, 2023)

To clarify the Postal Service's FY 2022 Annual Performance Report (*FY 2022 Report*) and FY 2023 Annual Performance Plan (*FY 2023 Plan*),¹ the Postal Service is requested to provide written responses to the following requests. Answers should be provided to individual requests as soon as they are developed, but no later than February 24, 2023.

Financial Health

1. The *FY 2022 Annual Report* states that "[t]he Postal Service is committed to increasing conservation efforts with the installation of on-site renewable energy projects at multiple facilities[.]" *FY 2022 Annual Report* at 21.
 - a. Please confirm that, in FY 2022, the Postal Service's on-site renewable energy generation facilities generated renewable energy certificates or comparable generation attributes derived from the facilities' production of electricity from renewable sources (collectively "RECs").
 - b. If part a. is confirmed, please describe how the Postal Service disposed of RECs in FY 2022 (e.g., sale to third parties, retirement in Postal Service accounts).

¹ The *FY 2022 Report* and *FY 2023 Plan* are included in the Postal Service's FY 2022 *Annual Report to Congress*, which the Postal Service filed with the FY 2022 *Annual Compliance Report*. See Library Reference USPS-FY22-17, December 29, 2022, folder "USPS-FY22-17," folder "FY22.17.Annual.Report," file "FY 2022 Annual Report to Congress.pdf" (*FY 2022 Annual Report*).

- c. If part a. is not confirmed, please explain.
- d. Please provide a listing of each on-site renewable energy generation facility that produced revenue for the Postal Service in FY 2022, showing:
 - i. The facility's location;
 - ii. The facility's fuel source (e.g., solar, wind, qualifying gas);
 - iii. The facility's capacity (in Megawatts);
 - iv. Whether the facility was owned or leased by the Postal Service;
 - v. The amount of energy (in Megawatt-hours) produced by the facility in FY 2022;
 - vi. The amount of revenue produced by the facility in FY 2022 from the sale of energy;
 - vii. The amount of revenue produced by the facility in FY 2022 from the sale of RECs; and
 - viii. The amount and nature of any other revenue in FY 2022 arising from the facility.
- e. Please provide a listing of each on-site renewable energy generation facility that is expected to produce revenue for the Postal Service in and following FY 2023, showing
 - i. The facility's location;
 - ii. The facility's fuel source (e.g., solar, wind, qualifying gas);
 - iii. The facility's capacity (in Megawatts);
 - iv. Whether the facility is owned or leased by the Postal Service;
 - v. The average annual amount of energy (in Megawatt-hours) expected to be produced by the facility;
 - vi. The average annual amount of revenue expected to be produced by the facility from the sale of energy;

- vii. The average annual amount of revenue expected to be produced by the facility from the sale of RECs; and
 - viii. The amount and nature of any other revenue expected to arise from the facility annually.
- 2. In FY 2022, did the Postal Service sell any RECs that were not generated by its renewable energy generation facilities? If so, please provide:
 - a. The quantity of such RECs;
 - b. A description of each of the renewable energy facilities that produced such RECs;
 - c. The revenue associated with the sale of such RECs;
 - d. The rationale for the Postal Service's acquisition of such RECs; and
 - e. An explanation of how the Postal Service acquired such RECs.
- 3. According to the *FY 2022 Annual Report*, "a 2.53 megawatts direct current on-site solar photovoltaic system" (Springfield System) is being installed at the Springfield, Massachusetts mail processing center "to produce renewable energy for the facility's usage." *FY 2022 Annual Report* at 21. The Springfield System "will save approximately \$56,000 per year in electricity costs and will reduce the [Postal Service's] annual carbon footprint by 2,100 metric tons of carbon dioxide per year." *Id.*
 - a. Please confirm that the Postal Service intends to own the Springfield System. If not confirmed, please explain.
 - b. Please provide the commercial operations date of the Springfield System (or the projected commercial operations date if the commercial operations date has not occurred).
 - c. Please describe the status of any efforts to register or certify the Springfield System as a renewable energy source (or obtain a comparable designation therefor from state or other applicable authorities), including:

- i. Each jurisdiction in which such status has been, or will be, sought;
 - ii. Each date on which such status has been obtained; and
 - iii. Evidence of receipt of any such status.
- d. Please describe the status of any efforts to qualify the Springfield System for participation in the Solar Massachusetts Renewable Target (SMART) Program.
- e. Please confirm that the Springfield System generated RECs in FY 2022. If confirmed:
 - i. Did the Postal Service sell (or otherwise transfer for consideration) any RECs generated by the Springfield System in FY 2022 to third parties? If yes, please explain.
 - ii. Does the Postal Service plan to sell (or otherwise transfer for consideration) any RECs generated by the Springfield System in FY 2022 to third parties by the end of the applicable trading period? If yes, please explain.
 - iii. Have any RECs generated by the Springfield System in FY 2022 been retired in Postal Service accounts? If yes, please explain.
 - iv. Does the Postal Service plan to retire in Postal Service accounts any RECs that were generated by the Springfield System in FY 2022, but have not yet been retired? If yes, please explain.
 - v. Please provide all available New England Power Pool Generation Information System reports demonstrating the issuance and disposition of RECs from the Springfield System in FY 2022.
- f. Please confirm that the Springfield System has generated, or will generate, RECs in FY 2023.
 - i. If part f. is confirmed, please confirm that all RECs generated by the Springfield System in FY 2023 will be retired in Postal Service

accounts and will not be sold (or otherwise transferred for consideration) to third parties. If not confirmed, please explain.

- ii. If part f. or subpart f.i. is not confirmed, please explain how the Springfield System will “produce renewable energy for the [Springfield, Massachusetts mail processing center’s] usage,” and not for the benefit of third-party REC purchasers.
- g. In FY 2022, did the Postal Service receive any carbon dioxide offsets associated with the Springfield System? If so, please describe:
 - i. All offsets received;
 - ii. The disposition of all offsets received; and
 - iii. The revenues from the disposition of such offsets.
- h. Please confirm that the Postal Service will receive carbon dioxide offsets associated with the Springfield System in FY 2023.
 - i. If part h. is confirmed, please confirm that all offsets generated by the Springfield System in FY 2023 have been, or will be, retired by the Postal Service and have not been, and will not be, sold (or otherwise transferred for consideration) to third parties. If not confirmed, please explain.
 - ii. If part h. is confirmed, please explain how receipt of carbon dioxide offsets from the Springfield System will affect the Springfield System’s production of RECs.
 - iii. If part h. or subpart h.i. is not confirmed, please explain how the Springfield System “will reduce the [Postal Service’s] annual carbon footprint by 2,100 metric tons of carbon dioxide per year.”
 - iv. If part f. is confirmed but subpart f.i. is not confirmed, please explain how the Springfield System “will reduce the [Postal Service’s] annual carbon footprint by 2,100 metric tons of carbon dioxide per year.”

4. The *FY 2022 Annual Report* states that “[a]dditional information on the Postal Service’s sustainability efforts is available in the 2022 Annual Sustainability Report[.]” *FY 2022 Annual Report* at 22. The 2022 Annual Sustainability Report states that it “covers fiscal year 2021[.]”²
 - a. If a report covering the Postal Service’s FY 2022 sustainability efforts is available, please provide a copy of such report.
 - b. If a report covering the Postal Service’s FY 2022 sustainability efforts is not available, please indicate when such a report will be prepared and made available.
5. The 2022 Annual Sustainability Report states that the Postal Service “offset [its] utility accounts in FY2021 by over \$1.7 million through refunded utility overages identified by the Utility Management System (UMS), Enterprise Energy Management System (EEMS) and Clean Energy Credits.” 2022 Annual Sustainability Report at 21.
 - a. Please define “Clean Energy Credits.”
 - b. Please explain the relationship, if any, between the “Clean Energy Credits” and:
 - i. RECs;
 - ii. Carbon dioxide offsets;
 - iii. Electric energy generated by renewable energy facilities and sold to electric distribution utilities through net-metering (or comparable) arrangements; and
 - iv. Renewable energy-related tax credits (e.g., Production Tax Credit, Investment Tax Credit).

² United States Postal Service, 2022 Annual Sustainability Report, at 1, available at <https://about.usps.com/what/corporate-social-responsibility/sustainability/report/2022/usps-annual-sustainability-report.pdf> (2022 Annual Sustainability Report).

- c. If the Postal Service received revenues associated with renewable energy-related tax credits in FY 2021, please explain how the Postal Service obtained such revenues in light of its general tax obligations.
- 6. The 2022 Annual Sustainability Report states that the Postal Service “offset [its] utility accounts in FY2021 by over \$1.7 million through refunded utility overages identified by the Utility Management System (UMS), Enterprise Energy Management System (EEMS) and Clean Energy Credits.” *Id.* According to the chart USPS Utility Account Offsets in FY 2021, of the over \$1.7 million amount, \$1,343,589 were associated with the “Solar General Credit.” *Id.*
 - a. Please describe the “Solar General Credit.”
 - b. Please explain the relationship, if any, between the “Solar General Credit” and:
 - i. RECs produced by solar generation facilities;
 - ii. Electric energy produced by solar generation facilities and sold to electric distribution utilities through net-metering or other arrangements;
 - iii. Carbon dioxide offsets; and
 - iv. Renewable energy-related tax credits (e.g., Production Tax Credit, Investment Tax Credit).
 - c. Please provide the Postal Service’s Solar Energy Credit utility account offsets for FY 2022.
- 7. The 2022 Annual Sustainability Report states that the Postal Service “offset [its] utility accounts in FY2021 by over \$1.7 million through refunded utility overages identified by the Utility Management System (UMS), Enterprise Energy Management System (EEMS) and Clean Energy Credits.” *Id.* According to the chart USPS Utility Account Offsets in FY 2021, of the over \$1.7 million amount, \$33,023 were associated with the “Federal Wind Power Credit.” *Id.*
 - a. Please describe the “Federal Wind Power Credit.”

- b. Please explain the relationship, if any, between the “Federal Wind Power Credit” and:
 - i. RECs produced by wind generation facilities;
 - ii. Electric energy produced by wind generation facilities and sold to electric distribution utilities through net-metering or other arrangements;
 - iii. Carbon dioxide offsets; and
 - iv. Renewable energy-related tax credits (e.g., Production Tax Credit, Investment Tax Credit).
 - c. Please confirm that the Postal Service receives funds associated with the “Federal Wind Power Credit” because it holds ownership interests in wind power facilities.
 - i. If confirmed, please describe such facilities (including location, capacity, and average annual energy production) and the Postal Service’s interests therein.
 - ii. If not confirmed, please explain the source of the funds identified in the 2022 Annual Sustainability Report and associated with the “Federal Wind Power Credit.”
 - d. Please provide the Postal Service’s Federal Wind Power Credit utility account offsets for FY 2022.
8. The 2022 Annual Sustainability Report states that the Postal Service “offset [its] utility accounts in FY2021 by over \$1.7 million through refunded utility overages identified by the Utility Management System (UMS), Enterprise Energy Management System (EEMS) and Clean Energy Credits.” *Id.* According to the chart USPS Utility Account Offsets in FY 2021, of the over \$1.7 million amount, \$337,017 were recouped from utility service providers. *Id.* Moreover, the *FY 2022 Annual Report* states “[t]o promote visibility, transparency, and accuracy in water, energy, and greenhouse gas reporting, the Postal Service established

the Utility Management System to capture cost and consumption data. This includes utility invoices for electricity, natural gas, water, sewer, propane, steam, heating oil, and backflow testing management.” *FY 2022 Annual Report* at 21.

- a. Please provide the amount recouped from utility service providers in FY 2021 by utility type (e.g., electricity, natural gas, water, sewer, propane, steam, heating oil, and backflow testing management).
 - b. Please describe the sources of these recovered funds (e.g., erroneous overpayments, refunded deposits, promotions, incentives, liquidation of advance commodity purchases) and identify the amount recouped through each such source in FY 2021.
 - c. Please provide the total amount recouped from utility service providers in FY 2022.
 - d. Please provide the amount recouped from utility service providers in FY 2022 by utility type (e.g., electricity, natural gas, water, sewer, propane, steam, heating oil, and backflow testing management).
 - e. Please provide the amount recouped from utility service providers in FY 2022 by the sources of these recovered funds (e.g., erroneous overpayments, refunded deposits, promotions, incentives, liquidation of advance commodity purchases).
9. The 2022 Annual Sustainability Report states that “the Postal Service has begun purchasing renewable energy in the form of credits. In 2019, we entered negotiations with energy suppliers in 13 states and the District of Columbia to request that suppliers provide 25% of our power from renewable energy sources including wind, hydro and solar installations.” 2022 Annual Sustainability Report at 22.
- a. Please confirm that the term “credits” is used to refer to RECs. If not confirmed, please explain.

- b. Please confirm that the Postal Service has never taken any action to cause its energy suppliers (including electric distribution utilities and third-party suppliers) to fail to comply with any mandatory state, territorial, or District of Columbia renewable portfolio standards and/or comparable mechanisms requiring retail sales of electric energy to include RECs in specified percentages (collectively “RPS”) applicable to the Postal Service’s consumption of electricity. If not confirmed, please explain.
- c. Please confirm that the Postal Service requires its energy suppliers to comply with all RPS requirements applicable to the Postal Service’s purchase and consumption of electricity. If not confirmed, please explain.
- d. The 2022 Annual Sustainability Report states that the Postal Service purchased “over 883,000 MWh of green power over a four-year period.”
Id.
 - i. Please identify the specified four-year period (e.g., by fiscal years, calendar years, or start- and end-dates).
 - ii. Please define “green power.”
 - iii. Please confirm that this purchase of “green power” involved the bundled purchase of RECs together with electric energy. If not confirmed, please explain.
 - iv. Please identify the number of RECs included in this purchase of “green power” that were used by load-serving entities (LSEs) serving the Postal Service to comply with mandatory RPS requirements associated with the Postal Service’s electricity consumption.
 - v. Please identify the number of RECs included this purchase of “green power” representing a purchase of RECs in excess of any mandatory RPS requirements borne by the relevant LSEs and associated with the Postal Service’s electricity consumption.

- vi. If this purchase of “green power” included RECs in excess of any mandatory RPS requirements on the relevant load-serving entities and associated with the Postal Service’s electricity consumption, please confirm that any such RECs that were not used for mandatory RPS compliance have been retired on behalf of the Postal Service and provide documentation of such retirements.
 - vii. Please provide the costs of this purchase of “green power,” by fiscal year.
 - viii. If this purchase of “green power” included RECs in excess of any mandatory RPS requirements, please identify the costs of such RECs by fiscal year.
10. Please identify all library references (and any other filed materials) in the instant proceeding reporting revenue received from energy-related activities, including revenue received from sale of energy, capacity, RECs, and carbon offsets and from participation in any demand response or energy efficiency programs.

High Quality Service

11. Please refer to the *FY 2022 Annual Report* which refers to the reconstitution of the Postal Service Board of Governors’ (Governors) Election Mail Committee to “to oversee, review, and monitor the Postal Service’s preparations for the 2022 primary and general elections[.]” *FY 2022 Annual Report* at 35. Please provide a table containing the nationwide volume of the following categories of mail, with monthly volumes both in the aggregate and disaggregated by product:
- a. Political Mail³ that the Postal Service delivered in each month of FY 2022; and

³ “Political Mail” refers to any mailpiece sent for political campaign purposes by a registered candidate, a campaign committee, or a committee of a political party to promote candidates, referendums, or campaigns.

b. Election Mail⁴ that the Postal Service delivered in each month of FY 2022.

If any such data cannot be provided, please explain.

12. For each product used for Election Mail during FY 2022, please provide volumes, attributable costs, revenues, cost coverage, and contribution for that product, disaggregated by Election Mail and non-Election Mail. If any such data cannot be provided, please explain.

13. Please confirm that Postal Service's report entitled 2022 Post-Election Analysis,⁵ describing the Postal Service's performance related to the 2022 general election, is the Postal Service's most recent and most comprehensive report of its performance related to the 2022 general election.

a. If not confirmed, please provide any more recent or more comprehensive report that the Postal Service has prepared regarding its performance related to the 2022 general election.

b. Please refer to the 2022 Post-Election Report which states:

In the November general election, 98.96% of ballots sent by voters to election officials were delivered within three days, 99.82% were delivered within five days, and 99.93% were delivered within seven days. Importantly, we delivered completed ballots from voters to election officials in an average of less than two days.

2022 Post-Election Report at 6.

For each product used for Election Mail during FY 2022, please provide service performance data (percent on-time, variance, and average days to deliver) disaggregated by Election Mail and non-Election Mail. If any such data cannot be provided, please explain.

⁴ "Election Mail" refers to items such as ballots, voter registration cards, and absentee applications that an authorized election official creates for voters.

⁵ United States Postal Service, 2022 Post-Election Analysis: Successfully Delivering the Nation's Election Mail During the 2022 Midterm Elections, available at <https://about.usps.com/what/government-services/election-mail/pdf/usps-2022-post-election-analysis.pdf> (2022 Post-Election Report).

14. Please refer to the 2022 General Election Mail Preparedness Memorandum⁶ issued to all Postal Service employees on September 26, 2022, which states:

Providing consistent guidance across the organization is critical to our success. Please refer to the 2022 Election Mail and Political Mail Guidebook available on Blue, to find up to date policies and procedures related to Election Mail and Political Mail.

Upon receipt of this memorandum, please take time to fully explain to your direct reports the policies and practices discussed above. A copy of this memorandum will be posted on the Postal Service Intranet at blue.usps.gov and usps.com/electionmail. Headquarters will distribute a Mandatory Stand-Up Talk to all employees discussing this memorandum.

Finally, as noted above, this is the first of three Election Mail guidance documents that we will be issuing. Look for additional memoranda on "Extraordinary Measures" and on "Postmarking" in the coming weeks.

- a. Please confirm that all materials described on page 3 of the September 26, 2022 Memorandum are available at <https://about.usps.com/what/government-services/election-mail>. If not confirmed, please provide such materials.
- b. Did any member of the Postal Service leadership team⁷ provide any written instructions to field employees regarding Election Mail during FY 2022, whether relating to primary, general, or special election, that are not available at <https://about.usps.com/what/government-services/election-mail>? If so, please provide such materials.

⁶ United States Postal Service, 2022 General Election Mail Preparedness Memorandum, September 26, 2022, at 3, available at <https://about.usps.com/what/government-services/election-mail/pdf/2022-general-election-mail-preparedness-memorandum.pdf> (September 26, 2022 Memorandum).

⁷ See USPS Leadership Team, available at <https://about.usps.com/who/leadership/hq-org.pdf>.

15. Please refer to the Postal Service memorandum issued to all Postal Service employees on September 29, 2022, with the subject 2022 General Election Extraordinary Measures Memorandum regarding the 2022 general election.⁸
- a. Please provide the total costs of the extraordinary measures described in the September 29, 2022 Memorandum. If total cost data are not available, please estimate the total costs of such extraordinary measures and explain the basis for the estimate.
 - b. Please provide the total work hours associated with the extraordinary measures described in the September 29, 2022 Memorandum. If total work hours data are not available, please estimate the total work hours associated with such extraordinary measures and explain the basis for the estimate.
16. Please refer to OIG Report No. 20-225-R20.⁹ Among other things, the OIG recommended that the Postal Service “[l]everage established partnerships with state and local election officials to work toward creating a separate, simplified mail product exclusively for Election Mail that would support uniform mail processing, including mandatory mailpiece tracking and proper mailpiece design.” The Postal Service “agreed to evaluate adding a dedicated mail product for Election Mail after the 2020 general election.” *Id.* at 19. This recommendation remained open as of September 26, 2022. See OIG Report No. 22-093-R22 at 10.¹⁰

⁸ United States Postal Service, 2022 General Election Extraordinary Measures Memorandum, September 29, 2022 (September 29, 2022 Memorandum), available at <https://about.usps.com/what/government-services/election-mail/pdf/2022-general-election-extraordinary-measures.pdf> (September 29, 2022 Memorandum).

⁹ United States Postal Service, Office of the Inspector General (OIG), Report No. 20-225-R20, Processing Readiness of Election and Political Mail During the 2020 General Elections, August 31, 2020, at 4, available at <https://www.uspsoig.gov/sites/default/files/reports/2023-01/20-225-R20.pdf> (OIG Report No. 20-225-R20).

¹⁰ United States Postal Service, Office of the Inspector General (OIG), Report No. 22-093-R22, Election Mail Readiness for the 2022 Mid-Term Elections, September 26, 2022, available at <https://www.uspsoig.gov/sites/default/files/reports/2023-01/22-093-R22.pdf> (OIG Report No. 22-093-R22).

- a. Has Postal Service management made a determination that it will or will not propose to the Governors creating one or more dedicated mail products for Election Mail?
- b. If the response to part a. is yes, please describe the determination and answer the following:
 - i. If Postal Service management has made a determination to propose to the Governors creating one or more dedicated mail products for Election Mail, please describe the Postal Service's current timeline to reach a Governors' decision about whether to create one or more dedicated products for Election Mail or otherwise to resolve the OIG recommendation.
 - ii. If Postal Service management has made a determination not to propose to the Governors creating one or more dedicated mail products for Election Mail, please explain the rationale for the decision and describe the findings and data that support that rationale.
- c. If the response to part a. is no, please describe the Postal Service's current timeline to make a determination that it will or will not propose to the Governors creating one or more dedicated mail products for Election Mail.
- d. Please describe the Postal Service's efforts to work with state and local election officials toward creating (or evaluating the potential creation of) one or more dedicated products for Election Mail.
- e. Please describe any Postal Service findings to date about:
 - i. How the costs of a dedicated product or products for Election Mail would be measured and/or estimated;
 - ii. How the service performance of such a product or products would be measured and/or estimated;

- iii. The likely customer response to such a product or products, including the effect on customers' use of First-Class Mail and USPS Marketing Mail;
- iv. The extent to which market testing would facilitate determining the customer response to, and appropriate pricing of, a dedicated product or products for Election Mail;
- v. How market testing a dedicated product or products for Election Mail might feasibly be conducted; and
- vi. The effects that creation of a dedicated product or products for Election Mail are expected to have on existing products that were used for Election Mail in prior elections, including the likely effects on the cost coverage and service performance of such existing products resulting from the diversion of Election Mail volume to a newly dedicated product or products.

By the Chairman.

Michael Kubayanda